

**STATE OF COLORADO
COUNTY OF ROUTT**

**OFFICE OF THE CLERK
August 5, 2019**

Commissioner Beth Melton, Chair, called the meeting of the Routt County Board of Equalization to order. Commissioner Tim V. Corrigan and Commissioner Doug B. Monger were also present. Deanna Sanchez recorded the meeting and prepared the minutes.

The details of this meeting can be found in the Board of County Commissioners (BCC) Special Meeting Agenda and Packet for August 5, 2019 document in the Commissioners' Special Meetings Agendas and Packets section of the Routt County Website, along with the meeting audio.

EN RE: ROUTT COUNTY BOARD OF EQUALIZATION

Gary Peterson, County Assessor; Susan Siggson, Matt Kuckkahn, Kevin Krause, Cathy Hutchinson, Appraisers; Bruce Shugart, Petitioner; Tom Downey, Downey & Associates; were also present.

Commissioner Melton swore-in and advised those present of the rules by which this Board will consider valuations.

Commissioner Melton stated the issue of today's proceeding is property valuation for assessment purposes, not property taxes. No discussion of taxes will be allowed. The Petitioner has the burden of proving, by a preponderance of the evidence, that the Assessor's value is incorrect. Where the comparable sales method is used, state statute provides that the Assessor will determine value based on sales during the 18-month period ending June 30, 2018. Sales may also be considered in 6-month periods immediately preceding the 18-month period, up to 5 years, if there are insufficient sales to obtain accurate comparable valuation data. Smaller Counties commonly use a 24-month period in order to obtain sufficient comparable sales data that better demonstrates the change in value from the prior level of value, June 30, 2016. The 24-month period also eliminated seasonality in the sales data. Routt County uses a 24-month period. The Petitioner and the Assessor should not discuss sales post June 30, 2018, except in cases when it can be demonstrated that a contract for sale was completed prior to June 30, 2018 and closed after June 30, 2018 according to the original contract. Under Colorado law, the present value of your property cannot be considered. The Petitioner shall present his/her evidence first and shall have the opportunity to cross examine the representatives from the Assessor's Office after they have presented their evidence. The decision of this Board may be appealed and we will refer to that after the decision/motion has been made.

MOUNTAIN MEADOWS RESERVES LLC (VARIOUS)

Mr. Shugart stated he would like to withdraw all appeals for his account.

CATAMOUNT DEVELOPMENT R8164217, 8164218, & 8164221

Mr. Downey presented his case. He stated he believes the current year actual value assigned to the Catamount properties was excessive and should be reduced for the following reasons. The first 6 parcels set forth on the attached list provided to the Board comprise the Catamount Golf Course. The 2019 value assigned to the 6 parcels was \$9,860,940. Although research on the valuation of these parcels is ongoing, preliminary research indicates that the values are excessive and should be reduced. Land values associated with the account numbers R8164217 and R8164218 were established with significant overrides (43% and 57% respectively) to purported market value. The values for these 2 parcels are \$36,703/acre and \$36,482/acre respectively. Account number R8164221 is similarly valued at \$36,080/acre. While Mr. Downey's search for comparable sales is on-going, preliminary research indicates the 36,000/acre valuation exceeds the value of sales, buildable 1 acre home sites, and other recreational land. Preliminary indicators are that recreational land is approximately \$15,000 per acre. Mr. Downey questions the overrides establishing \$36,000/acre as the value of the land for these 3 parcels.

Mr. Downey continues that there are relatively few recent golf course sales that were not part of a portfolio sale. His prior experience with golf course sales and valuations indicates the subject might support a value of approximately \$5 million on the high-end.

Mr. Kuckkahn stated prior to establishing the value of Golf Course properties, income questionnaires were submitted to each golf course, as they have been for some years. No response has ever been received. At the Assessor appeal level, the petitioner submitted a list of a number of parcels owned by Catamount Development, LLC citing the golf course valuation as excessive. At the Assessor level the basis of the argument for a reduction in value was unidentified vacant home sites and vacant recreational land reported by the appellant as realizing lesser values. On this basis the appeal was denied, both due to lack of applicability and lack of submitted sale data. The value floor of just the land value is considered to be irrigated AF zoned land. The golf course has commercial water rights above and beyond dry recreational or open-space land as they are able to continually maintain a fully irrigated green during the season, of which Colorado statutes state the water right is to be valued on the land of which it is utilized. The golf course entitlement adds value as well further supporting this as the value floor of the land. The golf course itself also has substantial development cost, which at the time of construction required major grading, drainage, and the creation of greens and fairways, seeing out the plan for a signature course of the nationally recognized golf-architect, Tom Weiskopf. The parcels are additionally improved with a pro-shop, office, golf-cart storage, and miscellaneous storage/service buildings comprising approximately 28,246 sq ft of building area, and an additional approximate 69,700 sq ft (1.6 acres) of asphalt parking. At the Assessor level appeal income data was requested. No response received.

Mr. Kuckkahn continued that at the CBOE level appeal the question of economic obsolescence (broken out only in the cost approach to value) had been brought forward. It is noted economic obsolescence is fully realized and considered in the income approach to value. Reconciling all the data to the subject property at Catamount, it was determined all the cumulative factors are tailwinds to the subject's value, reducing the amount of potential economic obsolescence seen in other regional markets such as hurricane and record-rain-impacted areas. The golf industry in the Colorado market has shown rounds-played gains year

after year, and stable participation rates. This is additionally supported by stable national capitalization rates, publicly held golf-specialty equities operating nationally showing appreciation of gross and net revenues, stable national participation rates, and projections for rounds played and participation rates in 2018 all quite positive. In conjunction with golf courses seeing more closures than openings, those participation rates and rounds played-demand is picked up by the remaining courses, reducing or in some cases eliminating any potential economic obsolescence from oversupply. This data indicates Colorado golf in particular is in a period of gradual appreciation and stability.

Mr. Kuckkahn stated the ideal comparable sale for a vacant land analysis is both competitive and comparable, of similar acreage, similar proximity to linkages such as highway frontage, similar allowed density, similar views and other similar influences such as access to water, and accessibility & topography of the site. There was not an abundance of large vacant land parcels within or in proximity to city limits, so the time frame of sales used was broadened from the benchmark 2-year period of July 1, 2016 through June 30, 2018 to a 5- year period back to July 1, 2013. Sales with a lake (3.5 acre subject lake) or live-water frontage (Walton Creek 3,700 front feet or 0.7 mile) were not found. Arguably a further upward adjustment could easily be supported on this basis. No sales with the golf course entitlement were found. Arguably a further upward adjustment could potentially be supported on this basis. If a golf course special use is granted in AF zoning, as is the case with Catamount, this adds to the potential utility of the land and subtracts nothing. The likelihood of the comparable sales being granted a golf course special use is low. ARL v3 p4.31 states "When determining raw land value, all confirmed arm's-length sales of undeveloped land, e.g., large tract agricultural land sales, within the data collection period are considered and a representative, defensible market value per unit is established. Entitlements must be considered." Sales have not been adjusted for time, as no trend was able to be definitively established for this particular data set of extremely limited, large irrigated acreages, in proximity to the city limits of Steamboat. Both older & newer sales of these large-acre-parcels, with good access and utility, are seen as mostly supportive of each other. Generally speaking the broader market has trended up. Based on regional data, premium land parcels have been very competitive with the broader market's appreciation. Based on a broader data set a moderate upward time adjustment could potentially be supported for the comparable sales. However, due to those data sets being dissimilar, that methodology was not utilized.

Mr. Kuckkahn concluded that the cumulative inferior factors of the comparable sales were taken into consideration, including: lack of live water, lack of golf course entitlements, and overall appreciating market conditions from time of sale. The land sales are considered vastly inferior to the subject, supporting only the absolute lowest limit of the potential value range. The Assessor's office had no sales of the exceptional, heavily-influenced by water, with golf-course entitlement parcels similar to the subject to establish and bracket the upper limit of value.

The Board discussed the case. Based off of the evidence provided by the petitioner and Assessor, the Board decided to agree with the Assessor's values.

MOTION

Commissioner Monger moved to deny the petitioner's appeal and uphold the Assessor's valuation in the matter of R8164217, R8164218, & R8164221.

Commissioner Corrigan seconded; the motion carried 3-0.

CATAMOUNT DEVELOPMENT R8166714

Mr. Downey stated R8166714 is the Clubhouse at Lake Catamount. This 12,800 acre land parcel is valued at \$110,000 per acre. He discussed the land sales provided by the Assessor's office. Mr. Downey's main argument was the lack of consideration of depreciation.

Mr. Krause stated his case. He described all 3 of the income approaches used to value the property. However, the property has unique use as a Clubhouse parcel with certain common elements. Club memberships, local income, vacancy, and expense data of dissimilar property types is not representative or meaningful in the estimation of an income approach analysis. Therefore, the income approach has not been employed nor is within the scope of this CBOE valuation estimate.

Commissioner Corrigan stated he agrees with the Assessor in the matter of the improvements to this property. As far as land value, he was persuaded by the petitioner. He suggested a downward adjustment.

The Board discussed the best way to adjust the value.

The net adjustment was upward to a final account value of \$3,247,830.

MOTION

Commissioner Corrigan moved to deny the petitioner's appeal, deny the Assessor's value, and adjust the value from \$3,001,060 to \$3,247,830 in the matter of R8166714.

Commissioner Monger seconded; the motion carried 3-0.

WAL-MART STORES INC P0254242

Ms. Hutchinson stated Wal-Mart Stores Inc. requested an administrative denial.

Ms. Hutchinson and the Board discussed the request. Based off of Ms. Hutchinson's information, the Board decided to approve the administrative denial.

MOTION

Commissioner Monger moved to approve an administrative denial in the matter of P0254242.

Commissioner Corrigan seconded; the motion carried 3-0.

No further business coming before the Board, same adjourned sine die.

Kim Bonner, Clerk and Recorder

M. Elizabeth Melton, Chair

Date